



Moshi Moshi

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Moshi Moshi Retail Corporation Public Company Limited

Management Discussion and Analysis(MD&A)

Q1/2023

Executive Summary

Operating Highlights	Q1/22	Q4/22	Q1/23	Change +/-	
Unite : Million THB				%YoY	%QoQ
Operating Revenue	363.02	640.98	562.80	55.0%	(12.2%)
Gross Profit	183.76	351.88	304.23	65.6%	(13.5%)
EBITDA	113.43	230.57	189.62	67.2%	(17.8%)
Net Profit	28.90	118.54	85.81	196.9%	(27.6%)
Gross Profit Margin(%)	50.6%	54.9%	54.1%	3.4%	(0.8%)
Net Profit Margin (%)	7.9%	18.4%	15.2%	7.3%	(3.3%)

Notes: Values may differ due to rounding

In Q1/23, Moshi Moshi Retail Corporation Public Company Limited reported an increase in Operating Revenue by Baht 199.78 million or 55.0% from Q1/22. The Company has benefited from economic recovery, which was the result of relaxation of government measures against the COVID-19, and resulted in the reopening of the country, department stores, schools, and the resume of economic activities. Comparing to Q4/22, the Company's Operating Revenue decreased by Baht 78.18 million or 12.2% mainly due to the seasonality factor where Q4/22 sales was high and driven by Halloween and New year festival. In 2023, the Company will ensure continuous growth by expanding branches into strategic locations, developing new products, along with implementing new marketing activities and sales promotion in order to expand customer base.

YoY Q1/23 vs Q1/22

- In Q1/23, Moshi Moshi Retail Corporation Public Company Limited reported Operating Revenue of Baht 562.80 million, increased by Baht 199.78 million or 55.0% from Q1/22. This was mainly due to the increased in retail revenue from same store sales growth (SSSG), opening of new branches, along with the increase in sales during New year festival and Children's day. In addition, the revenue generated from discount retail stores also increased mainly from the expansion of the Sampeng branch as well as the recovery of revenue from the Platinum Fashion Mall Branch due to the recovery of tourists.
- Gross Profit Margin was 54.1%, increased from 50.6% in Q1/22. This was due to higher proportion of sales from high margin products, as well as the increase in proportion of imported product.
- Net Profit was Baht 85.81 million, increased by Baht 56.91 million or 196.9% in Q1/22. This was mainly due to the increase in revenue from both the retail stores and discount retail stores, corresponding to the higher demand from consumers, as well as the Company's ability to control costs more efficiently.

QoQ Q1/23 vs Q4/22

- In Q1/23, Moshi Moshi Retail Corporation Public Company Limited reported Operating Revenue of Baht 562.80 million, decreased by 78.18 million or 12.2% from Q4/22. In Q4/22, the Company received support from the Halloween and New Year festivals where Q4 was the high season for the business as it occupies long holidays and is the period of celebrations. However, the Company continuously have plans to boost sales despite the non-festive season.
- Gross Profit Margin was 54.1%, slightly decreased from 54.9% in Q4/22 displaying the ability of the Company to maintain profitability
- Net Profit was Baht 85.81 million, decreased by Baht 32.73 million or 27.6% from Q4/22 corresponding to the decrease in total revenue as in Q4/22, the Company received support from the Halloween and New Year festivals, as well as the increase in the promotion expenses from the activity to support the NCT DREAM TOUR concert and the increase in interest expenses from the increase in lease liabilities



Significant events in Q1/2023



Branches Expansion in Q1

The Company plans to expand to reach 165 branches within 2025. In Q1/23, the Company has opened in total 3 additional branches which include Asawann Complex Nong Khai, Lotus Nakhon Nayok, and Century The Movie Plaza.



Organized Activities to Support the NCT DREAM TOUR 'THE DREAM

SHOW2: In A DREAM' concert

The Company organized activities to support the NCT DREAM TOUR 'THE DREAM SHOW2: In A DREAM' concert in BANGKOK through shopping activities at Moshi Moshi stores to win concert tickets for the concert on March 11, 2023.

Moshi Moshi's Direction in 2023



1 Seeking Opportunities For Continuous Growth Through Branch Expansion And Enhancing Distribution Channels

Moshi Moshi Retail Corporation Public Company Limited foresees growth opportunities through new branch expansion as currently, the Company's stores occupies only 16.1% of all department stores and hypermarkets in Thailand. With this fact, the Company identify major room for growth through branch expansions in order to capture new customers groups. In 2023, the Company plans to open 20 additional branches in high growth locations, both in Bangkok and Metropolitan, and other provinces, including new branches in big provinces that Moshi have not yet occupy. Furthermore, 2 out of 20 additional branches will be in the form of "Standalone" model which will be opened close to community areas, schools, and offices. The objective of the Standalone stores will be used as a pilot project to identify opportunities to expand into franchise model.



2 Enhancing Profitability Through New Product Innovations and New Marketing Activities

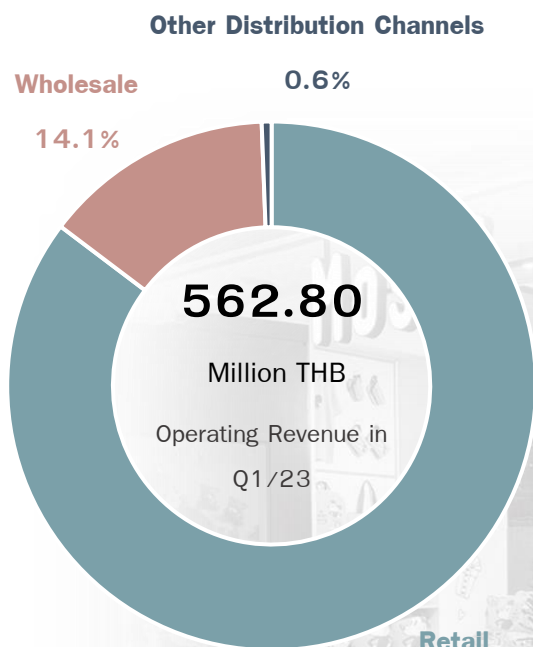
Moshi Moshi Retail Corporation Public Company Limited continues to develop new products including collection products, seasonal products, and cartoon-licensed products. In addition, the Company also sells co-branding products with well-known online influencers, product sets to increase basket size, and decorating the store (visual merchandise) in order to capture customers' attention. The Company continues to introduce new marketing activities, new sales promotion, new product designs and packaging to attract and add value to the products. As well as, adjusting the product mix to concentrate on product groups that have higher margins in order to improve profitability of the Company.

Operating Performance in Q1/2023

Operating Performance	Q1/22	Q4/22	Q1/23	Change	
				+/-	
Unit: Million THB				%YoY	%QoQ
Operating Revenue	363.02	640.98	562.80	55.0%	(12.2%)
Cost of Sales	(179.26)	(289.10)	(258.57)	44.2%	(10.6%)
Gross Profit	183.76	351.88	304.23	65.6%	(13.5%)
Other income	1.26	1.55	2.29	81.7%	47.7%
Selling expenses	(128.49)	(165.94)	(167.62)	30.5%	1.0%
Administrative expenses	(15.08)	(30.86)	(22.77)	51.0%	(26.2%)
Other gain(losses)-net	1.37	1.36	2.56	86.9%	88.2%
Financial costs	(5.97)	(8.39)	(10.03)	68.0%	19.5%
Profit before income tax	36.85	149.60	108.66	194.9%	(27.4%)
Income Tax	(7.95)	(31.06)	(22.85)	187.4%	(26.4%)
Net Profit	28.90	118.54	85.81	196.9%	(27.6%)

Notes: Values may differ due to rounding

Q1/2023 Operating Revenue Structure



85.3% Retail branches

Retail branches which includes Moshi Moshi in total of 106 branches

14.1% Wholesale branches

Discounted wholesale branches in total of 3 branches which include (1) Moshi Moshi at Sampeng branch (2) Moshi Moshi at Platinum Fashion Mall Branch and (3) GIANT shop at Platinum Fashion Mall Branch

0.6% Other Distribution Channels

Other distribution channels which include an online/ecommerce platforms such as Shopee and Lazada, along with Pop-up store

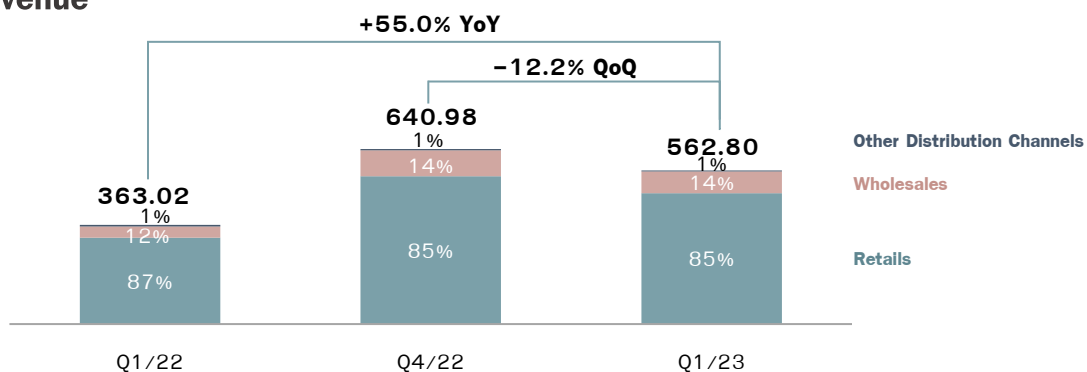
Operating Revenue Structure

Revenue Structure	Q1/22	Q4/22	Q1/23	Change +/-	
(Unit: Million THB)				%YoY	%QoQ
Revenue from retails	316.77	542.24	479.99	51.5%	(11.5%)
Revenue from wholesales	41.39	94.56	79.57	92.2%	(15.9%)
Revenue from other distribution channels	4.86	4.18	3.24	(33.3%)	(22.5%)
Total Operating Revenue	363.02	640.98	562.80	55.0%	(12.2%)
Other Income	1.26	1.55	2.29	81.7%	47.7%
Total Revenue	364.28	642.53	565.09	55.1%	(12.1%)

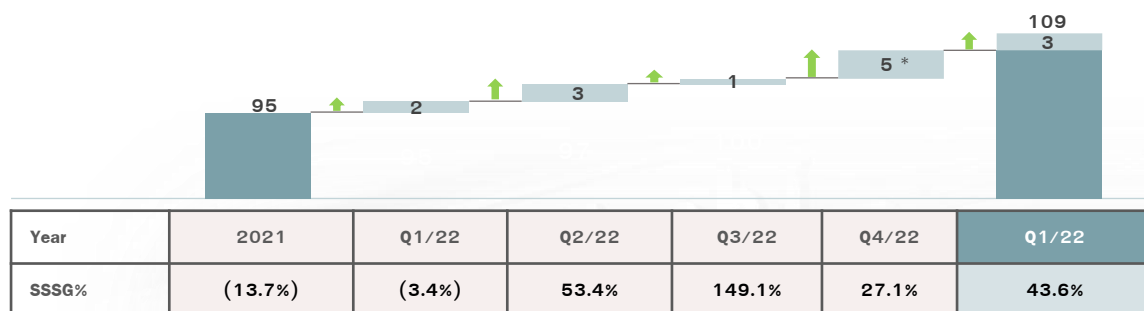
Notes: Values may differ due to rounding

1. Operating Revenue

Unit: Million THB, %



Number of Branches



Notes: *Jungceylon branch at Phuket was back to operational in Q4/22

YoY Q1/23 vs Q1/22

In Q1/23, the Company reported Operating Revenue of Baht 562.80 million, increased by Baht 199.78 million or 55.0% from Q1/22, mainly due to:

- Revenue from Retail Stores:** increased by Baht 163.22 million or 51.5%, due to 1) The increase in same store sales growth (SSSG) resulting from the relaxation of the COVID-19 restrictions which resulted in the reopening of the country, department stores, schools, offices 2) Organizing activities to support the NCT DREAM TOUR 'THE DREAM SHOW2' concert and 3) The opening of 12 new branches, where the Company had 94 branches in Q1/22 and 106 branches in Q1/23.
- Revenue from Discounted Retail Stores:** increased by Baht 38.18 million or 92.2%, mainly due to 1) The relaxation of the COVID-19 restrictions which resulted in the reopening of the country, department stores, schools, offices. 2) The expansion of the area of the Sampeng branch in July 2022 from 1 floor to 4 floors, allowing to serve more customers. 3) The recovery of revenue from Platinum Fashion Mall branch due to the recovery of tourists from the reopening of the country.
- Other Distribution Channels:** decreased by Baht 1.62 million or 33.3%, mainly due to the Company currently focusing on branch expansions.

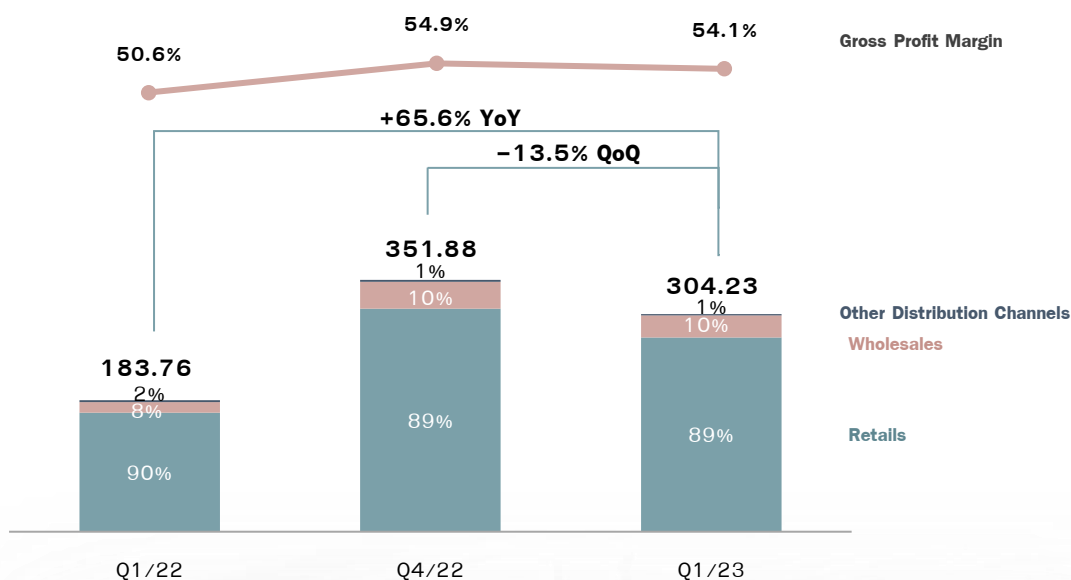
QoQ Q1/23 vs Q4/22

In Q1/23, the Company reported Operating Revenue of Baht 562.8 million, decreased by Baht 78.18 million or 12.2% from Q4/22, mainly due to:

- **Revenue from Retail Store:** decreased by Baht 62.25 million or 11.5% mainly due to the decrease in sales. In Q4/22, the Company’s performance was supported by Halloween and New Year festival, where Q4 was the high season for the business as it occupies long holidays and is the period of celebrations. However, the Company continuously have plans to boost sales despite the non-festive season, where in Q1/23, the Company organized activities to support the NCT DREAM TOUR concert.
- **Revenue from Discounted Retail Store:** decreased by Baht 14.99 million or 15.9%. In Q4/22, the Company’s performance was supported by Halloween and New Year festival, where Q4 was the high season for the business as it occupies long holidays and is the period of celebrations.
- **Other Distribution Channels:** decreased by Baht 0.94 million or 22.5%. This was due to the decrease in online sales. In Q4/22, the Company’s performance was supported by Halloween and New Year festival, where Q4 was the high season for the business as it occupies long holidays and is the period of celebrations.

2. Gross Profit and Gross Profit Margin

Unit: Million THB, %



YoY Q1/23 vs Q1/22

Gross Profit: In Q1/23, the Company reported Gross Profit of Baht 304.23 million, increased by Baht 120.47 million or 65.6% from Q1/22, mainly due to:

- **Gross Profit from Retail Stores:** increased by Baht 105.22 million or 63.3% corresponding to the increase in sales resulting from the increase in same store sales growth (SSSG), and the increased in demand from customers from the activity to support the NCT DREAM TOUR ‘THE DREAM SHOW2’ concert.
- **Gross Profit from Discounted Retail Stores:** increased by Baht 15.98 million or 107.0% corresponding to the increase in sales from the relaxation of COVID-19 prevention measures from the government after the improved situation, which resulted in the reopening of the country, department stores, and schools. In addition, during July 2022, the Company expanded the Sampeng branch to 4 floors, allowing it to serve more customers, and the Platinum Fashion Mall branch has also benefited from the tourists corresponding to the reopening of the country.
- **Gross Profit from Other Distribution Channels:** decreased by Baht 0.71 million or 27.8% mainly due to the Company currently focusing on branch expansions

Gross Profit Margin: Gross Profit Margin was 54.1%, increased from 50.6% in Q1/22. This was due to the higher proportion of sales from high margin products, as well as the increase in proportion of imported product which has a higher margin than domestic products and the exchange rate impact from the appreciation of the Thai Baht.

QoQ Q1/23 vs Q4/22

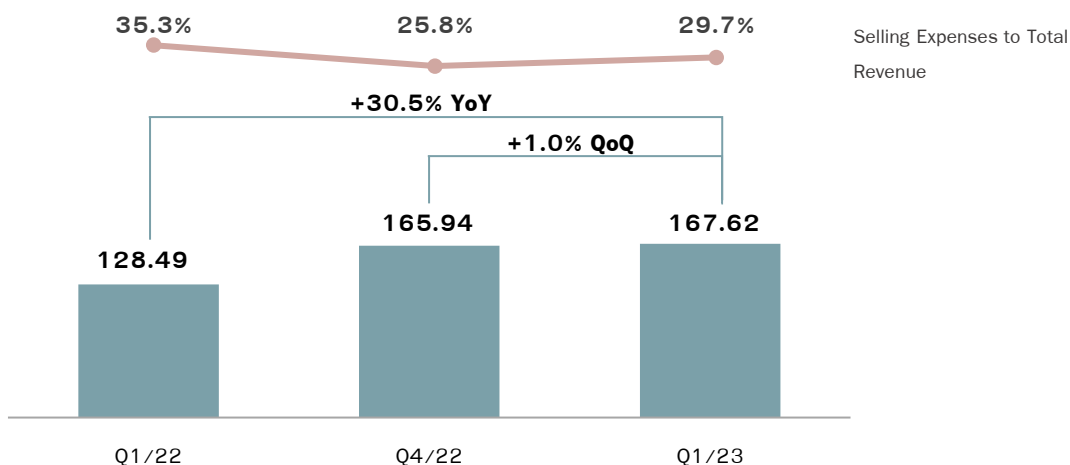
Gross Profit: In Q1/23, the Company reported Gross Profit of Baht 304.23 million, decreased by Baht 47.65 million or 13.5% from Q4/22, mainly due to:

- **Gross Profit from Retail Stores:** decreased by Baht 40.06 million or 12.9% corresponding to the decrease in sales. In Q4/22, the Company's performance was supported by Halloween and New Year festival, where Q4 was the high season for the business as it occupies long holidays and is the period of celebrations.
- **Gross Profit from Discounted Retail Stores:** decreased by Baht 7.02 million or 18.5% corresponding to the decrease in sales. In Q4/22, the Company's performance was supported by Halloween and New Year festival, where Q4 was the high season for the business as it occupies long holidays and is the period of celebrations.
- **Gross Profit from Other Distribution Channels:** decreased by Baht 0.56 million or 23.3% corresponding to the decrease in sales. In Q4/22, the Company's performance was supported by Halloween and New Year festival, where Q4 was the high season for the business as it occupies long holidays and is the period of celebrations.

Gross Profit Margin: Gross profit Margin was 54.1%, slightly decreased from 54.9% in Q4/22 displaying the ability of the Company to maintain profitability.

3. Selling Expenses

Unit: Million THB, %



YoY Q1/23 vs Q1/22

Selling Expenses: In Q1/23, the Company reported selling expenses of Baht 167.62 million, increased from Q1/22 by Baht 39.13 million or 30.5%. This was mainly due to the increase in employees' expense for both full-time and part-time employees, corresponding to the increase in sales and new branch expansions. In addition, the increase in selling expenses was due to the increase in rental expense corresponding to the increase in sales as some of the Company's rental contracts are calculated based on sales revenue. In addition, in 2023, the Company received less rental discount due to the improved COVID-19 situation which return to normal, along with promotional expenses from the activity to support the NCT DREAM TOUR concert.

Selling Expenses to Total Revenue: Selling Expenses to Total Revenue was 29.7%, decreased from 35.3% in Q1/22. This was due to the increase in total revenue at a higher proportion than the increase in total expenses, as some expenses are fixed expenses which resulted in economy of scale in this quarter.

QoQ Q1/23 vs Q4/22

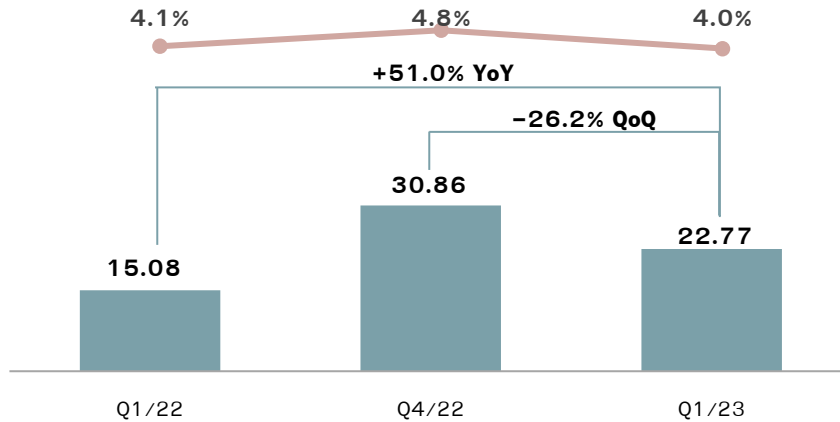
Selling Expenses: In Q1/23, the Company reported selling expenses of Baht 167.62 million, increased from Q4/22 by Baht 1.68 million or 1.0%. This was mainly due to the increase in promotion expenses from the activity to support the NCT DREAM TOUR concert, as well as employees' expense while the rental and depreciation had decreased in proportion to the decrease in sales and according to the depreciation of the accounting period.

Selling Expenses to Total Revenue: Selling Expenses to Total Revenue was 29.7%, increased from 25.8% in Q4/22. This was mainly due to the decrease in revenue after the festivals and high season in Q4/22, the increase in promotion expenses from the activity to support the NCT DREAM TOUR concert, and the increase in employees' expenses.



4. Administrative Expenses

Unit: Million THB, %



Administrative Expenses to
Total Revenue

YoY

Q1/23 vs Q1/22

Administrative Expenses: In Q1/23, the Company reported Administrative Expenses of Baht 22.77 million, increased from Q1/22 by Baht 7.69 million or 51.0%. This was mainly due to the increase in employee expenses according to the increase in the number of employees from the business expansion plan, as well as the increase in employee salary rates according to the Company's annual policy.

Administrative Expenses to Total Revenue: Administrative Expenses to Total Revenue was 4.0%, slightly increased from 4.1% in Q1/22. This was mainly due to the Company's ability to control costs efficiently.

QoQ

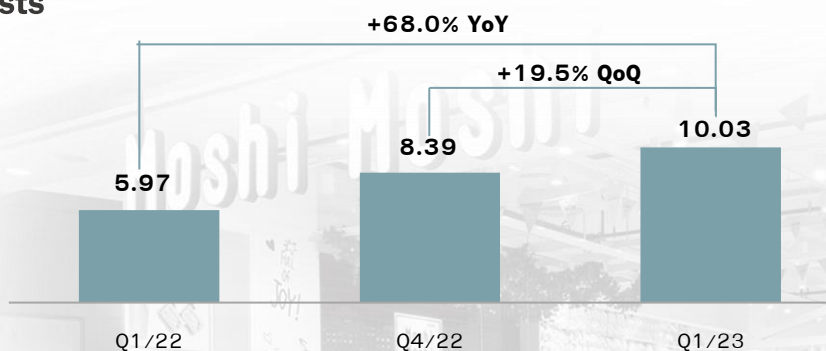
Q1/23 vs Q4/22

Administrative Expenses: In Q1/23, the Company reported Administrative Expenses by Baht 22.77 million, decreased from Q4/22 by Baht 8.09 million or 26.2%. This was mainly due to costs related to the IPO of the Company in Q4/22 including financial advisors' expenses, fee and other IPO related expenses. In addition, the cost of destroying damaged products decreased by Baht 3.9 million.

Administrative Expenses to Total Revenue: Administrative Expenses to Total Revenue was 4.0%, decreased from 4.8% in Q4/22. This was mainly due to costs related to the IPO of the Company in Q4/22 including financial advisors' expenses, fee and other IPO related expenses. In addition, cost of destroying damaged products decreased as the Company have policy on destroying damaged products 1 time a year in the Q4.

5. Financial Costs

Unit: Million THB, %



YoY

Q1/23 vs Q1/22

In Q1/23, the Company reported financial costs of Baht 10.03 million, increased from Q1/22 by Baht 4.06 million or 68.0%. This was due to the recognition of interest expense from the increased in lease liabilities corresponding to the increase in number of branches, and the expansion of Sampeng branch in July 2022. Along with the adjustment of interest rate (MLR) policy by government.

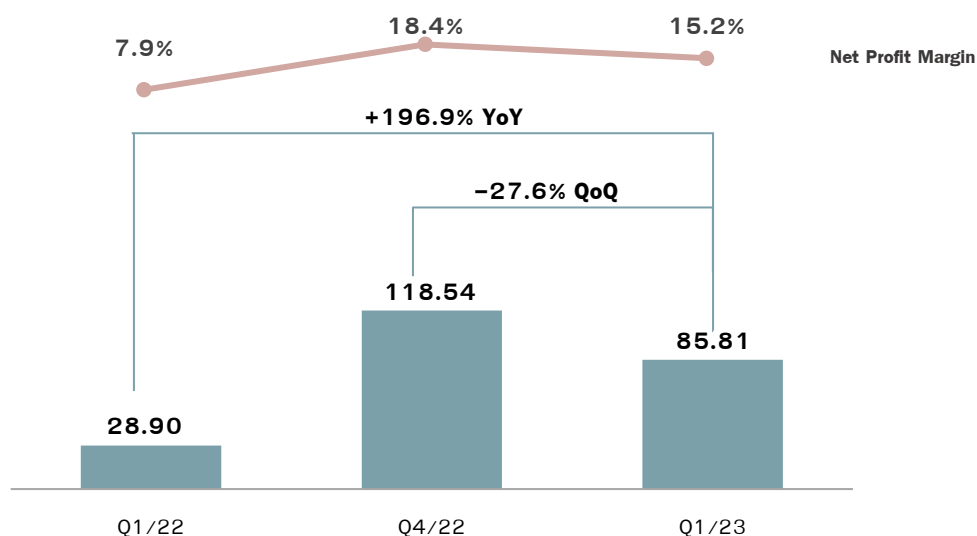
QoQ

Q1/23 vs Q4/22

In Q1/23, the Company reported financial costs of Baht 10.03 million, increased from Q4/22 by Baht 1.64 million or 19.5%. This was due to the recognition of interest expense from the increased in lease liabilities from the adjustment of interest rate (MLR) policy by government.

6. Net Profit and Net Profit Margin

Unit: Million THB, %



YoY Q1/23 vs Q1/22

Net Profit: In Q1/23, the Company reported net profit of Baht 85.81 million, increased from Q1/22 by Baht 56.91 million or 196.9%. This was mainly due to the increase in same store sale growth (SSSG) of both retail stores and discounted retail, new branch expansion, the expansion plan of the Sampeng branch to be able to serve more customers, and the recovery of revenue from Platinum Fashion Mall branches from the recovery of tourists. In addition, as a result from the NCT DREAM TOUR concert campaign, the demand of instore purchase has increased. The increased in net profit was also a result of the ability of the Company to control costs more efficiently.

Net Profit Margin: Net Profit Margin was 15.2%, increased from 7.9% in Q1/22. This was due to the increase in revenue from both the retail stores and discounted retail stores corresponding to the higher demand and the Company's ability to control costs more efficiently.

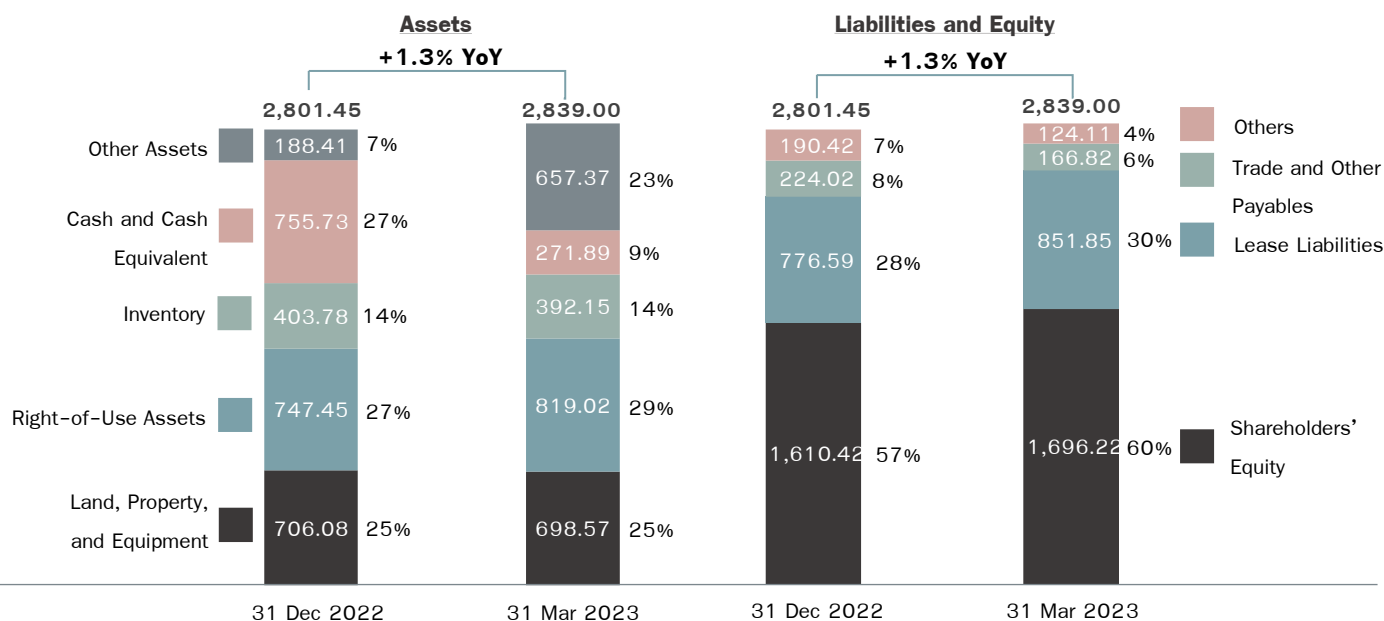
QoQ Q1/23 vs Q4/22

Net Profit: In Q1/23, the Company reported net profit of Baht 85.81 million, decreased from Q4/22 by Baht 32.73 million or 27.6%. This was due to the decrease in revenue from all channels corresponding to the decrease in demand which is the seasonality factor of the business. In Q4/22, the Company received support from the Halloween and New Year festivals where Q4 was the high season for the business as it occupies long holidays and is the period of celebrations. However, the Company continuously have plans to boost sales despite the non-festive season.

Net Profit Margin: Net Profit Margin was 15.2%, decreased from 18.4% in Q4/22. This was due to the decrease in revenue from every channels corresponding to the decrease in demand which is the seasonality factor in the business. In Q4/22, the Company received support from the Halloween and New Year festivals, where Q4 was the high season for the business as it occupies long holidays and is the period of celebrations.

Statements of Financial Position

Unit: Million THB, %



Total Assets

As of 31 March 2023, the total assets of the Company were Baht 2,839.00 million, increased by Baht 37.55 million or 1.3% from 31 December 2022 mainly due to:

- **Cash and Cash Equivalent:** decreased by Baht 483.84 million due the Company used cash to an investment in short-term fixed income funds.
- **Inventory:** decreased by Baht 11.63 million due to the decreased in inventory which was a seasonal factor in the business. In Q4/22, the Company received support from the Halloween and New Year festivals.
- **Right-of-Use Assets:** increased by Baht 71.57 million due to the renewal of the existing branch rental agreement and an expansion of new branches.

Total Liabilities

As of 31 March 2023, the total liabilities of the Company were Baht 1,142.81 million, decreased by Baht 48.22 million or 4.1% from 31 December 2022 mainly due to:

- **Account Payable:** decreased by Baht 57.20 million, corresponding to the decrease in purchasing volume and lower accrued expenses from the annual bonus payment in Q1/23
- **Lease Liabilities:** increased by Baht 75.26 million due to the renewal of the existing branch rental agreement and an expansion of new branches.

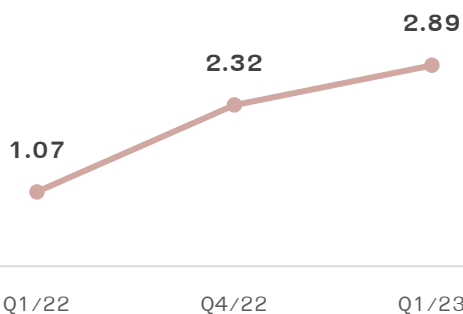
Total Shareholders' Equity

As of 31 March 2023, the total shareholders' Equity were Baht 1,696.22 million, increased by Baht 85.80 million or 5.3% from 31 December 2022 corresponding to the Company's performance.

Key Financial Ratios

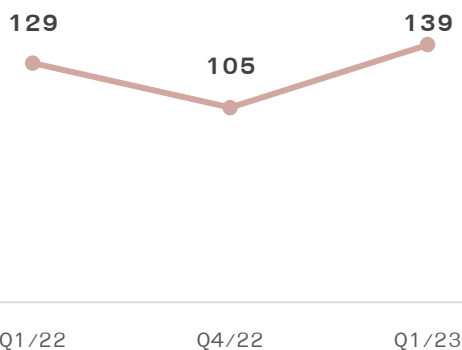
Current Ratio

Unit: Times



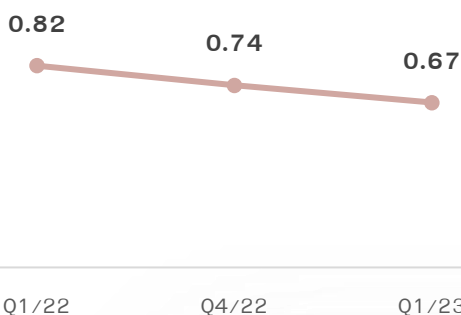
Inventory Turnover

Unit: Days



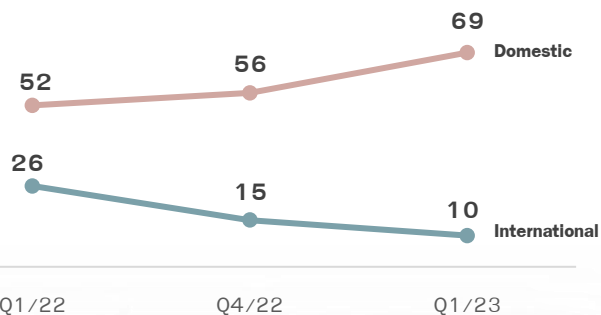
Debt-to-Equity (D/E) Ratio

Unit: Times



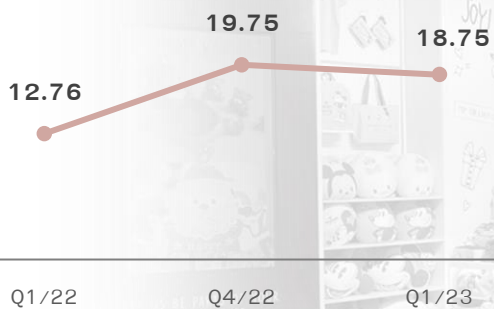
AP Turnover

Unit: Days



Return on Equity (ROE)

Unit: %



Return on Assets (ROA)

Unit: %

